

HOUSE BILL No. 1295

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Inheritance tax. Eliminates the classification of transferees for purposes of the inheritance tax. Provides that any transferee other than a surviving spouse is subject to the exemption amount and inheritance tax rates that formerly applied to a Class A transferee. (Under current law a transfer to a surviving spouse is fully exempt from the inheritance tax). Repeals classification of transferees provisions.

Effective: July 1, 2005.

Whetstone, Harris T, Grubb

January 11, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

HOUSE BILL No. 1295

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-4.1-3-10 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10. The first one
3 hundred thousand dollars (\$100,000) of property interests transferred
4 to a ~~Class A transferee~~ **person other than a decedent's surviving**
5 **spouse** under a taxable transfer or transfers is exempt from the
6 inheritance tax.

7 SECTION 2. IC 6-4.1-4-0.5 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 0.5. (a) No inheritance
9 tax return is required under this chapter unless the total fair market
10 value of the property interests transferred by the decedent to a
11 transferee under a taxable transfer or transfers exceeds the exemption
12 provided to the transferee under IC 6-4.1-3-10. ~~through IC 6-4.1-3-12.~~
13 For purposes of this section, the fair market value of a property interest
14 is its fair market value as of the appraisal date prescribed by
15 IC 6-4.1-5-1.5.

16 (b) The department of state revenue shall prescribe the affidavit
17 form that may be used to state that no inheritance tax is due after

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applying the exemptions under IC 6-4.1-3. The affidavit may be:

- (1) recorded in the office of the county recorder if the affidavit concerns real property and includes the legal description of the real property in the decedent's estate; or
- (2) submitted as required by IC 6-4.1-8-4 if the affidavit concerns personal property.

If consent by the department of state revenue or the appropriate county assessor is required under IC 6-4.1-8-4 for the transfer of personal property, the affidavit must be submitted with a request for a consent to transfer under IC 6-4.1-8-4.

(c) If consent by the department of state revenue or the appropriate county assessor is required under IC 6-4.1-8-4 before personal property may be transferred and the department of state revenue or the appropriate county assessor consents to a transfer of personal property under IC 6-4.1-8-4 after considering an affidavit described in subsection (b), the full value of the personal property may be transferred.

(d) The department of state revenue or the appropriate county assessor may rely upon an affidavit prescribed by the department of state revenue under subsection (b) to determine that a transfer will not jeopardize the collection of inheritance tax for purposes of IC 6-4.1-8-4(e).

(e) It is presumed that no inheritance tax is due and that no inheritance tax return is required if an affidavit described in subsection (b) was:

- (1) properly executed; and
- (2) recorded in the decedent's county of residence or submitted under IC 6-4.1-8-4.

(f) Except as provided in subsection (h), a lien attached under IC 6-4.1-8-1 to the real property owned by a decedent terminates when an affidavit described in subsection (b) is:

- (1) properly executed; and
- (2) recorded in the county in which the real property is located.

(g) Except as provided in subsection (h), a lien attached under IC 6-4.1-8-1 to personal property that is owned by the decedent terminates when:

- (1) an affidavit described in subsection (b) is properly executed;
- (2) the affidavit described in subsection (b) is submitted to the department of state revenue or the appropriate county assessor in conformity with IC 6-4.1-8-4; and
- (3) the department of state revenue or the appropriate county assessor consents to the transfer.

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However, subdivision (3) does not apply if consent of the department of state revenue or the appropriate county assessor is not required under IC 6-4.1-8-4 before the property may be transferred.

(h) A lien terminated under subsection (f) or (g) is reattached to the property under IC 6-4.1-8-1 if the department of state revenue obtains an order that an inheritance tax is owed.

SECTION 3. IC 6-4.1-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) For purposes of this section, the net taxable value of property interests transferred by a decedent to a particular transferee equals the remainder of:

(1) the total fair market value of the property interests transferred by the decedent to the transferee under a taxable transfer or transfers; minus

(2) the total amount of exemptions and deductions provided under ~~sections 9-1 IC 6-4.1-3-10~~ through ~~15 of IC 6-4.1-3~~ **IC 6-4.1-3-15** with respect to the property interests so transferred.

(b) The inheritance tax imposed on a decedent's transfer of property interests to a ~~particular Class A transferee person other than the decedent's surviving spouse~~ is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
\$25,000 or less	1% of net taxable value
over \$25,000 but not over \$50,000	\$250, plus 2% of net taxable value over \$25,000
over \$50,000 but not over \$200,000	\$750, plus 3% of net taxable value over \$50,000
over \$200,000 but not over \$300,000	\$5,250, plus 4% of net taxable value over \$200,000
over \$300,000 but not over \$500,000	\$9,250, plus 5% of net taxable value over \$300,000
over \$500,000 but not over \$700,000	\$19,250, plus 6% of net taxable value over \$500,000
over \$700,000 but not over \$1,000,000	\$31,250, plus 7% of net taxable value over \$700,000
over \$1,000,000 but not	

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over \$1,500,000	\$52,250, plus 8% of net
	taxable value over \$1,000,000
over \$1,500,000	\$92,250, plus 10% of net
	taxable value over \$1,500,000

(c) The inheritance tax imposed on a decedent's transfer of property interests to a particular Class B transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
\$100,000 or less	7% of net taxable value
over \$100,000 but not over \$500,000	\$7,000, plus 10% of net taxable value over \$100,000
over \$500,000 but not over \$1,000,000	\$47,000, plus 12% of net taxable value over \$500,000
over \$1,000,000	\$107,000, plus 15% of net taxable value over \$1,000,000

(d) The inheritance tax imposed on a decedent's transfer of property interests to a particular Class C transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED	INHERITANCE TAX
\$100,000 or less	10% of net taxable value
over \$100,000 but not over \$1,000,000	\$10,000, plus 15% of net taxable value over \$100,000
over \$1,000,000	\$145,000, plus 20% of net taxable value over \$1,000,000

SECTION 4. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 6-4.1-1-3; IC 6-4.1-3-11; IC 6-4.1-3-12.

SECTION 5. [EFFECTIVE JULY 1, 2005] **IC 6-4.1-3-10 and IC 6-4.1-5-1, both as amended by this act, apply to the estate of an individual who dies after June 30, 2005.**

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